

# OFFICE OF MANAGEMENT AND BUDGET

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Memo To: Agency Heads and Procurement Liaisons

From: Pam Sharp, Director, Office of Management and Budget

Date: June 15, 2004

Subject: Implementation of new State Procurement Laws and Rules and Delegation of Purchase Authority

On July 1, 2004, state law will take effect that requires executive branch agencies and institutions to comply with OMB guidelines when purchasing services, in addition to commodities. The purpose of this letter is to describe the changes and the implementation plan.

On July 1, the bidding thresholds for procurement of both commodities and services will be as follows:

- Up to \$2,500 – use adequate procedures to ensure the price is fair and reasonable (1 quote), using the purchasing card whenever possible;
- \$2,501 to \$25,000 – obtain a minimum of 3 informal bids or proposals;
- Over \$25,000 – full formal sealed competition with notice to vendors on the state bidders list.

[Note: Over \$250,000 – the Office of the Attorney General recommends solicitations and contracts be reviewed by an assistant attorney general or the agency's special assistant attorney general.]

An employee's level of delegated authority will be tied to training. Agencies will be granted provisional delegated authority on July 1, with the goal of training employees within each agency and increase the delegated authority for commodities within the next year.

- Level 1 Certification – Employees conducting purchases up to \$2,500. Read the Small Purchases Manual or attend the Small Purchases Course (4 hours).
- Level 2 Certification – Employees conducting purchases and making limited and noncompetitive determinations up to \$25,000. Attend the Level 2 Course on limited and noncompetitive procurements, vendor registration requirements, risk management, protests, and violations (4 hours). Pre-requisite: Level 1 Course.
- Level 3 Certification – Employees conducting purchases and administering contracts over \$25,000. Attend Level 3 courses on Sealed Bidding (2 hours), Sealed Proposals (3 hours), and Contract Administration (2 hours). Pre-requisites: Level 1 and Level 2 Courses.

Employees do not need to repeat the Level 1 Course. Employees who have completed Level 2 and 3 training will need to attend the new courses because the procurement laws and rules have changed substantially.

The State Procurement Office will coordinate training with your agency's lead procurement officer. The lead procurement officer is designated by the agency head to be responsible for the purchasing functions of his or her organization and act as the agency's liaison to the State Procurement Office. The procurement liaison designation form is found at: <http://www.state.nd.us/csd/spo/agency-forms.html>.

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Effective July 1, the head of each agency and institution is delegated provisional purchase authority as described below. This authority can be delegated to agency employees who must attend procurement training within the next year. The State Procurement Office will provide guidance and assistance.

#### SERVICES

- Agencies are delegated purchase authority for services, regardless of the dollar amount.

#### COMMODITIES

- Agencies are delegated purchase authority for commodities up to \$2,500.
- Commodities estimated over \$2,500 that are not under contract must be requisitioned through the State Procurement Office, until agency personnel complete training and the agency purchase authority for commodities is increased.

#### PRINTING

- Agencies are delegated purchase authority for printing up to \$2,500.
- Printing estimated over \$2,500 not done by Central Duplicating Services must be requisitioned through the State Procurement Office.
- Printing over \$2,500 will not be delegated.

#### COMMODITIES & SERVICES - LIMITED COMPETITION AND NONCOMPETITIVE PURCHASES

- Over \$2,500, justification is required when competition is limited (e.g. specific brand needed, service required within a certain geographical area, etc.), a noncompetitive purchase is made (e.g. sole source), or the agency deviates from the procurement requirements (e.g. soliciting informal bids when the dollar amount requires formal competition).
- The agency head or designee is delegated authority to approve limited and noncompetitive determinations valued up to \$25,000.
- Limited and noncompetitive determinations over \$25,000 will need to be approved by the State Procurement Office before making the purchase.

#### DOCUMENTATION

- Agencies must maintain adequate documentation of the procurement process to ensure compliance.

An informational meeting will be held on June 24, 9:00-11:00 am CST at the Capitol in the Brynhild Haugland Room to present an overview of the administrative rules being adopted and discuss implementation. Agencies unable to attend the meeting may contact the State Procurement Office to obtain meeting handouts.

We appreciate your efforts and feedback during this transition period. If you have any questions, please contact Sherry Neas, OMB - State Procurement Office, by e-mail: [sneas@state.nd.us](mailto:sneas@state.nd.us) or phone 701-328-1726.